

July 2004

USDA COMMODITY PROGRAM

School Food Services Section

Missouri Department of Elementary and Secondary Education

Administrative Handbook

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Introduction

The Department of Elementary and Secondary Education, School Food Services Section, has the administrative responsibilities for the U.S. Department of Agriculture's (USDA) Commodity Program for schools in Missouri. Through the Commodity Program, the USDA provides commodities to help meet the nutritional needs of school children.

Federal donations of food for use in school food service programs provide a constructive and effective use of foods that are purchased by USDA under agriculture price support and surplus removal programs. These commodities, along with direct food purchases with school lunch program appropriated funds, help keep the price of meals within the reach of the maximum number of children.

The purpose of this handbook is to explain the USDA Commodity Program in Missouri, and provide guidance information to schools participating in the program. If additional assistance is needed, please feel free to contact this office:

School Food Services
Department of Elementary and Secondary Education
P.O. Box 480
Jefferson City, Missouri 65102
Telephone: (573) 751-2646
(573) 751-7253
(573) 751-9424
FAX: (573) 526-3897

“In accordance with Federal law and U.S. Department of Agriculture policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age, or disability.

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

Reference Materials

USDA Regulations and Instructions

All USDA publications will be mailed to school food authorities as they become available. Additional copies of publications can be obtained by calling the School Food Services Section at (573)751-3526.

The Food Distribution Program is authorized by the United States Congress through several pieces of legislation. The primary pieces are:

Section 6, National School Lunch Act, which mandates a per-meal commodity acceptance rate for schools participating in the program, with special emphasis on high-protein food, meat, and meat alternates.

Section 32, Agricultural Act of 1935, which authorizes the purchase and distribution of perishable donated food (fruits, vegetables, meats, poultry, and fish) in order to remove surpluses and stabilize farm prices.

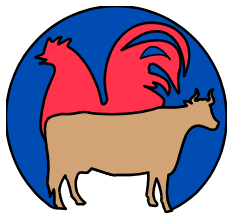
Section 416, Agricultural Act of 1949, which authorizes the purchase and distribution of donated food for the purpose of supporting farm prices. Such foods usually fall in the classification of dairy products, cereals, and grain products.

Section 6 and Section 32 donated foods are also referred to as Group A or pro-rated donated foods. Section 416 donated foods are referred to as Group B, or open order donated foods.

Bonus foods are provided whenever the USDA has a surplus food they wish to give to schools without charging the value to either Group A or B entitlement.

This manual incorporates requirements for program administration identified in legislation, regulations, instructions, policy memoranda, and guidance material on good management practices issued by federal and state offices.

Commodity Fact Sheets



Commodity fact sheets are available for each donated food. Each fact sheet provides the following information about a product:

- product description
- pack size
- yield per unit based on the current USDA Food Buying Guide for Child Nutrition Programs
- usage suggestions
- storage guidelines
- preparation tips
- nutritional composition

These fact sheets can be downloaded at:

www.fns.usda.gov/fdd/facts/schfacts/cats.htm.



USDA Standardized Quantity Recipe Set and A Tool Kit for Healthy School Meals

The standard quantity recipe set and the tool kit featuring recipes and training materials, produced by the USDA for school nutrition programs, can be referred to for ideas on utilizing donated food.

School Food Service News

This newsletter is available on our website (August through May) to all participants in the Child Nutrition Programs. It contains valuable and critical information concerning the commodity program.

Eligibility and Agreements

All nonprofit public and private schools participating in the National School Lunch Program are eligible to participate in the USDA Commodity Program.

Eligible schools wishing to participate in the USDA Commodity Program must:

1. Complete and submit a web application-agreement annually to the Department of Elementary and Secondary Education, School Food Services Section.
2. Adopt a policy approved by the State Agency for extending free and reduced price meals to all eligible needy children.
3. Maintain adequate program records and comply with Federal program regulations.

Availability, Allocations and Ordering

Entitlement

Schools are eligible for specific dollar levels of commodity assistance based on a formula that multiplies the number of lunches served during the year (January 1 through December 31) by a mandated rate of assistance. The result is referred to as the planned level of entitlement. Certain other foods as USDA may designate are bonus commodities and are not charged against the state's entitlement. Bonus commodities are usually those declared by USDA to be in extreme surplus.

Prorated Commodities

Nearly all offerings of commodities are prorated to each Local Education Agency (LEA) in the National School Lunch Program on the basis of the number of reimbursable lunches being served. Each LEA will automatically be shipped their fair share without having to specifically order; however, if a LEA does not wish to receive a particular offering or wants less than their fair share, the State agency must be so informed in writing at least six weeks in advance of delivery.

Open Order Commodities

Commodities must be ordered by fax or telephone or in writing and received by the State agency by the 15th of the month prior to the month of delivery. Orders may be placed in such quantities as are needed and can be used without waste.

LEA's should check the monthly State agency newsletter for the latest information on prorated offerings and the order form for open order items.

ORDER OPEN ORDER COMMODITIES BY THE 15TH OF EACH MONTH



MAIL TO :

School Food Services
PO Box 480
Jefferson City, MO 65102



PHONE: (573)751-7253



FAX: (573)526-3897

Available Food

Commodities usually includes frozen and canned meat and poultry, canned and frozen fruits, vegetables and juices, dairy products, cereals and grains, vegetable oil and shortening, and peanut products.

High Quality Food

Commodities purchased by the USDA must be certified by the USDA's inspection services to assure it meets established specifications. Only high grades of meat, fruits, and vegetables are accepted. Specifications for quality are constantly updated.



Contracted Food Distribution System

Warehouse and Delivery Service

The Department of Elementary and Secondary Education has a contracted statewide warehousing and delivery service. All commodities are received into the State and distributed to LEAs through a single distribution point located in Independence, Missouri.

The current contractor is Food Distribution Associates and they are responsible for both warehousing and delivery of commodities. They can be contacted at the following address or phone number:

Food Distribution Association, LLC
16500 E. Truman Road, PO Box 350
Independence, MO 64051
Phone: 866-473-9700
Fax: 816-833-8801

Distribution Cost 2004/2005

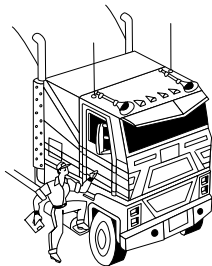
Handling Costs	.31 per case
Storage Costs	.19 per case
Transportation Costs	1.43 per case

Shipments of Commodity Foods

General Guidelines

School Food Services will send allocation release documents to FDA for all commodities to be delivered to schools. One week to ten days prior to a school's monthly delivery, FDA will fax or mail a notice to schools of the types and amounts of each commodity that will be delivered that month.

A few days prior to delivery FDA will call schools and notify them of the delivery time. To avoid problems during the delivery process, the contractor should have a clear understanding of who they need to call and the number to call for delivery notification. The school needs to understand that FDA has the right to set the delivery date and time for each school in order to achieve the most efficient routing possible. This is critical in making the payment for delivery of commodities cost effective for the whole state. **Schools need to be prepared to accept delivery between 7:00 a.m. and 4:00 p.m. Monday through Friday. Only holidays designated by the State will be observed and schools will need to accept the delivery date and time regardless of whether school is in session or not.**



As with any purchase, when delivery is taken, the person receiving the food should check to verify the following:

1. The open order and processed product being delivered is the product ordered and is identified on the delivery ticket. Refuse any substitutes the driver may offer.
2. The quantity being delivered is the same as requested and identified on the delivery ticket. Note any shortages on the delivery ticket. Do not accept extra food.
3. The product is in good condition, not damaged in any way or spoiled. If the product is damaged, accept it and note any damage on the delivery ticket.

Receipting



The person accepting delivery should personally check everything before signing the delivery ticket. **Every exception should be noted on the delivery ticket and signed by the person accepting delivery and by the truck driver.** Schools are liable for any shortages or damages not noted on the delivery ticket at the time of receipt.

If any problems arise at the time of delivery that cannot be resolved please call School Food Services before the driver leaves.

Receiving



Prior to the arrival of a delivery, the individual who will be responsible for taking delivery should have the advance notice of delivery listing what was ordered and will be received. All necessary arrangements should be prepared to accept delivery in a timely manner. **Upon arrival, unloading should proceed immediately as to not delay the truck for subsequent appointments at other schools.** Commodity deliveries are tailgate deliveries which means school personnel are responsible for bringing the food into the building.

Special Requests

Schools may contract with FDA for storage of commodities if they cannot take delivery or need extra storage space. All storage cost will be billed to the school, however the school will receive the State monthly storage rate.

Schools may pick up commodities at the warehouse monthly, free of charge. Advance notice to FDA of planned pick up is required. FDA may charge a handling fee if schools require more frequent pick-ups.

Commercial Storage Facilities

When using a commercial storage facility or locker plant, the LEA must have a contract that includes an auditable method to account for commodity inventory and withdrawals. Responsibility for the USDA commodities rests with the LEA once received.

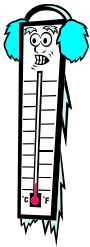
Storage

Storage Conditions

The following storage conditions must be carefully monitored to prevent premature deterioration or loss of commodity food.

Temperature

To maintain quality, food must be stored at proper temperatures. Schools may refer to the Commodity Fact Sheets for the proper storage temperature for each commodity. Generally, all dry storage should be stored at temperatures between 50° F and 70°F. Temperatures above 70°F cause food to rapidly deteriorate. Refrigerators and coolers should be between 38°F and 45°F. Freezers should be from 0°F and 10°F.



Each freezer should be equipped with a temperature alarm to alert staff when the temperature rises to 20°F. The cost of an alarm is small compared to the cost of replacing food. Check and record temperatures in freezers, refrigerators, and dry storage areas daily.

Air Circulation

Air circulation is important for frozen, chilled, and dry storage areas. Store food in a manner that allows good air circulation. Commodity food should be stacked on pallets or shelves with at least a two-inch clearance from walls, six inches from the floor, and two feet from the ceiling.

Storage Practices

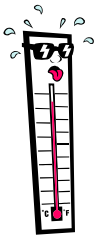
First In, First Out (FIFO)

Commodity food should be stacked so that the oldest pack dates are in front and are used first. Food donated by USDA, unlike commercial food, has a pack date (or contract number) on the case.

Protection of Food in Storage

Following is a checklist to help ensure minimum loss of commodity food:

- ✓ Stacks should not be so high as to cause bursting or crushing of the bottom layers.
- ✓ Containers should not be placed near sources of steam or heat.
- ✓ All storage areas must be maintained in a clean and orderly manner.
- ✓ Monthly extermination treatments are recommended, but can be done more often if necessary.
- ✓ Food must be stored away from pesticides and cleaning products.
- ✓ All the USDA food must be stored so that it is secure from theft.



Summer Storage Information

For commodity food remaining in inventory at the end of the school year follow all the above steps to safeguard against deterioration of food. All storage areas still need to be checked daily. Again, a freezer alarm is recommended to alert summer staff to unsafe temperatures. Refrigerate grain products and use them first in the fall. Lock all storage areas and leave keys with authorized personnel.

Commodity Processing

The State agency, currently, and in past years, has entered into Statewide processing contracts with companies for the further processing of USDA commodity foods into various end products. The State agency is neutral on individual LEAs entering into order/processing agreements under the State contracts for the processing of selected commodity items; however, the State agency would encourage some LEAs, primarily because of labor assets, and also because of student acceptability, to participate in the further processing of some or all items offered.

The State agency would also encourage all LEAs to look at possible savings by ordering the salad dressing, margarine, and dry milk offered through processing.

LEAs MUST not enter into individual processing contracts/agreements for the further processing of any commodity food. The State of Missouri only allows direct diversion contracts. Also, LEAs must remember that they have no authority to release USDA commodities and processors have no authority to be in possession of USDA commodities without approval by the State agency.

Commodity Expositions will be held annually in December. All LEAs are encouraged to attend.

Processing packets containing complete processing information for the upcoming school year will be mailed yearly to authorized representatives based on USDA deadlines.

Inventory and Transferring Food

Inventory Records

Schools must maintain an accurate and complete inventory as well as usage records of the USDA commodity food.

Good inventory management procedures are essential for proper control of commodity food, just as they are for managing purchased food. They are closely related to menu planning, ordering, preventing excess inventory levels and detecting spoilage or other losses.

A perpetual inventory (book inventory) may be used for daily recording of amounts of food added to or removed from storage. Whether or not a perpetual inventory is maintained in all storage areas, a periodic physical inventory must be taken to accurately determine the quantity of commodity food on hand. A physical inventory of commodity foods must be taken at the end of the school year. This inventory should be kept in the LEA's files for future audits.



**Food
Management
Companies:
Inventory Due
every
December 31**

December 31 Inventory Report

Schools who have contracted with food management companies must report inventory levels of all USDA commodity food on hand to School Food Services at the end of December. The form for this inventory is mailed to LEAs at the beginning of December.

Transferring Food

Self operated public and non-public LEAs that have school lunch agreements with School Food Services may transfer or trade food with each other without notifying the State agency. LEAs that have contracted with food management companies *must* follow the State agency's transfer/trade procedure.

The transfer/trade procedure is as follows:

For LEAs Contracting with Food Management Companies:

**A *TRANSFER
FORM* can be
found in the
Forms section of
this manual**

1. Notify School Food Services before any transfer or trade. Provide School Food Services with the school name(s), food(s) and amount(s) involved, whether the transaction is a transfer or a trade, and the reason for the transaction.
2. School Food Services will authorize approval.
3. When the transfer/trade is complete, the school(s) transferring the commodity food(s) will send a **TRANSFER** form to School Food Services describing the transaction.

Food Complaints/Losses/Alerts

Complaints

Commodity Complaint Hotline

1-800-446-6991

If a school has a complaint about a donated food, call the **Commodity Complaint Hotline at 1-800-446-6991** or record the complaint by **E-Mailing: commoditycomplaint@fns.usda.gov**. Be prepared to give all available information about the donated food and the problem:

- Name of commodity
- Pack size
- Date packed (on case)
- Contract number on case (on case)
- Lot number on case (if available)
- Amount received, used, and on hand

The hotline will contact the State office for any further information.

Loss of Commodity Foods

For LEAs contracting with food management companies:

**A USDA
DONATED FOOD
REPORT OF
LOSSES can be
found in the
Forms section of
this manual**

Public and non-public LEAs which are self operated are not required to contact School Food Services whenever a loss is discovered. LEAs contracting with food management companies must report losses to the State agency. A written report (**USDA Commodity Food Report of Losses**) must be promptly sent to this office for all losses of donated food. The report must include an explanation concerning the loss and how it occurred. While some losses are unavoidable, some occur due to improper handling or mismanagement of the food(s). Losses which could have been avoided may result in LEAs' replacing the food or paying for the loss.

Food Alert System

The Food Alert System is a procedure for communicating effectively and quickly with all LEAs whenever there is an urgent concern about the safety, wholesomeness, or condition of USDA commodity foods or CN-labeled products. The Food Alert System will only be used when the USDA informs us of emergency health hazard situations.

Upon receiving a Food Alert from USDA, the State agency will inform LEAs by:

- Contacting and informing the news media for media coverage, and/or
- Sending a special mailing to all program authorized representatives, and/or
- Inclusion in our monthly newsletter, The Commodity Shelf and/or
- Telephone communication/Auto fax

Use of Commodity Foods for Training Students

Federal regulations provide that schools receiving commodity foods be authorized to use certain food in training students in home economics provided this does not short the lunch program. Home economics, for the purpose of this regulation includes classes in general home economics, family and consumer sciences, food purchases, nutrition, food preparation, cooking, child care, health and the like.

Commodity foods used for training students will not be replaced by School Food Services; therefore, it is highly recommended that only **open order** items be used for training purposes.

End products containing commodity foods used for training students should be consumed by the students and shall not be sold.



Disaster Feeding

Hurricanes, tornadoes, floods, chemical spills, and other disasters may generate a need for food to feed large groups of people. In disaster situations, the Department of Elementary & Secondary Education, School Food Services, is authorized to release, for congregate feeding activities, any commodity food in schools, agencies, or other storage locations under contract to them without prior approval of the USDA. Any other use of USDA commodities for disaster must be approved by the USDA.

Any commodity food supplied by the USDA to LEAs can be used in disaster feeding. Recognizing the emergency and the need to feed people, schools and other outlets having USDA commodities must cooperate fully and make such food available to groups involved in disaster feeding activities.

Schools must maintain accurate records of all commodities used for disaster feeding purposes. Signed receipts should be obtained for commodities transferred to disaster feeding organizations. Schools will be asked to provide verbal information on commodity food used/transferred and the numbers of people fed on an immediate basis. As soon as the disaster is over, schools are to send final and total information to School Food Services. Prompt reporting will permit the USDA to replace the commodity food used with the same or other desirable commodities on a timely basis.

The American Red Cross is the primary disaster relief organization, but the USDA, directly and through School Food Services and LEAs, will provide food to any recognized agency equipped to serve disaster victims. The Salvation Army, many religious denominations, civic organizations, unions, and others are able to provide food preparation for large groups.

The USDA has no commodity food specifically designated for disaster feeding and must depend on commodity food from state warehouses, commercial distributors, and schools. The USDA commodity food is not always available in sufficient quantities to fill all needs, but does provide a good supplement to food provided by disaster agencies.

A specific school may be designated as a shelter. There are many considerations that enter into the selection of a shelter such as size, available facilities, safety factors, protection from storm surge, etc. Generally, an all electric kitchen is not desirable because of the likelihood of power outages.

In most cases, the Red Cross and other disaster organizations will provide a trained shelter manager and personnel to operate the kitchen and food service

facility. If school personnel help in the feeding operation, funds may be available from local, state, federal, and disaster organizations to pay those individuals.



Civil Rights Compliance



LEAs receiving USDA commodity food are required to assure that individuals being fed using commodity food are not discriminated against based on race, color, national origin, age, sex, or disability. The Department of Elementary and Secondary Education, School Food Services, assumes the responsibility for monitoring compliance with this administrative requirement.

The following statement is to be included, in full, on all materials regarding such recipients' programs that are produced by the recipients for public information, public education, or public distribution.

"In accordance with Federal law and U.S. Department of Agriculture policy, this institution is prohibited from discriminating on the basis of race, color, national origin, sex, age, or disability.

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410 or call (202) 720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

If the material is too small to permit the full statement to be included, the material will at a minimum include the statement, in print no smaller than the text, that "This institution is an equal opportunity provider."

Buy American



Section 3(h) of the Commodity Distribution Reform Act and Section 250.23 of Federal Food Distribution Program regulations mandate that school food authorities participating in the National School Lunch Program purchase, whenever possible, only food products that are produced in the United States (U.S.). A food product produced in the U.S. is defined as, "...an unmanufactured food product produced in the U.S. or a food product that is manufactured in the U.S." In addition to exemptions set forth in the law for specific states and territories, and unusual or ethnic food preference, the regulations identify two other situations which warrant a waiver to permit purchases of foreign products: 1) the product is not produced or manufactured in the U.S. in sufficient and reasonable available quantities of a satisfactory quality, and 2) competitive bids reveal the cost of a U.S. product is significantly higher than the foreign product. These circumstances are the only exceptions to Section 3(h).